

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2012-____-WS

IN RE: Application of Carolina Water)
 Service, Inc. for Approval of)
 a Bulk Sewer)
 Service Agreement between)
 Carolina Water Service, Inc. and)
 Utilities, Inc. and Georgetown)
 County Water and Sewer District)

APPLICATION FOR
APPROVAL OF AGREEMENT

Carolina Water Service, Inc. (hereinafter referred to as the “Applicant” or “Carolina Water”), hereby applies to the Public Service Commission of South Carolina (hereinafter referred to as the “Commission”) for approval of a Bulk Sewer Service Agreement by and between Carolina Water Service, Inc., Utilities, Inc., and Georgetown County Water and Sewer District (hereinafter referred to as “Georgetown”). In support of this Application, the Applicant would respectfully show unto the Commission the following:

1. Applicant is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in Georgetown County, as well as certain other counties in this state. Its corporate charter is presently on file with the Commission and an appropriate bond has been posted with same. A schedule of rates and charges for Applicant’s service has previously been authorized by Commission Order 2012-31 issued January 19, 2012 in Docket No. 2011-47-W/S.

2. Applicant's representatives for purposes of this Application are:

a. Legal Representative:

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b. Company representative:

Patrick C. Flynn
Regional Director
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3. The Applicant operates potable water production, treatment, storage, transmission and distribution systems (hereinafter referred to as "water systems") and sanitary wastewater collection, treatment and effluent disposal systems (hereinafter referred to as "sewer systems"), which are located in and serve various parts of the State of South Carolina.

4. Georgetown is a special purpose district organized under the laws of the State of South Carolina for the purposes of owning and operating water and sanitary sewer systems in Georgetown County.

5. The Applicant provides sanitary sewer service to approximately 275 premises located within the Whites Creek and Lincolnshire subdivisions in Georgetown County.

6. Georgetown operates a wastewater collection system in Georgetown County at or near the Whites Creek and Lincolnshire subdivisions.

7. The Applicant and Georgetown have negotiated an agreement in which Georgetown will provide bulk sewer services to the Applicant. In particular, Georgetown will accept the sewage collected by the Applicant from the Whites Creek and Lincolnshire subdivisions at a metered delivery point at or near the Whites Creek and Lincolnshire subdivisions and transport the sewage through Georgetown's collection system to the City of Georgetown's wastewater treatment facilities. Under the terms of the Bulk Sewer Service Agreement, Utilities, Inc. the parent company of Carolina Water, is a guarantor of Carolina Water's obligations under the Bulk Sewer Service Agreement. A copy of the Bulk Sewer Service Agreement between Carolina Water and Georgetown is attached hereto as Exhibit "A."

8. Upon approval of the Bulk Sewer Service Agreement, the Applicant will provide service to its customers in the two affected subdivisions pursuant to all of the terms, conditions, rates and charges set forth in its rate schedule as may be on file with this Commission and as amended from time to time.

9. The Applicant's Lincolnshire/Whites Creek Wastewater Treatment Facility is designated as a "temporary" treatment facility by the South Carolina Department of Health and Environmental Control ("DHEC") in the Waccamaw Region Section 208 Water Quality Management Plan ("the Section 208 Plan").¹ The Section 208 Plan, developed by the Waccamaw Region Council of Governments, describes the Sampit River as being a Critical Water Quality Management Area, as being impaired, and having as a high priority the

¹ A copy of the Section 208 Plan may be accessed at <http://www.wrcog.org/environmental-planning/>

improvement of the river.² The 208 Plan calls for the Georgetown County Water & Sewer District to be a point source management agency and to provide centralized wastewater treatment service to unincorporated areas of Georgetown County.³ Therefore, the Applicant will retire its wastewater treatment facility when the wastewater collection system is connected to regional wastewater treatment facility in order to address and rectify the impairment of water quality in the Sampit River and its tributaries which is consistent with the Section 208 Plan. Under this plan, water quality will be improved throughout the coastal region of South Carolina by the reduction in the number of wastewater treatment plants in operation and their associated point discharges into surface waters of the state. In addition, the cost of upgrading the Applicant's existing treatment facilities to meet current regulatory requirements as described in the Applicant's NPDES Discharge Permit would exceed the estimated cost to interconnect with Georgetown.

10. Under the terms of the Bulk Sewer Services Agreement, the Applicant is responsible for payment of the sewer connection fee of three hundred thirty-nine thousand dollars (\$339,000.00). While these costs are in the nature of connection fees which may be charged to the Applicant's customers on a pro rata basis, without markup, the Applicant instead seeks an order of this Commission authorizing the Applicant to record these costs as utility plant in service additions, subject to review and audit by the Office of Regulatory Staff in the Company's next rate proceeding.

11. The affected customers are currently paying \$40.56 per month (which includes a \$1.56 increase under bond⁴ pursuant to CWS's last rate case. Once the agreement is approved, a typical customer will pay about \$41.73 per month, based on a collection charge of \$26.73, and a

² Section 208 Plan, p. 49.

³ *Id.* at p. 147.

⁴ Order No. 2012-31, Docket No. 2010-147-WS.

\$15.00 pro rata charge based on 7,000 gallons per month in sewer flow, according to estimates provided by Georgetown County. Therefore, the net impact for a typical customer will be an increase of approximately \$1.17 per month. The pass through charges for wastewater treatment which would be imposed if this Agreement is approved and implemented are authorized under the Company's approved tariff.

12. The Applicant submits that the public convenience and necessity will be served by the approval of this Agreement. The Applicant further submits that no hearing in this matter is required. See S.C. Code Ann §58-5-240(G). However, the Applicant understands and acknowledges that changing its method of providing sewer services to its customers may generate concerns and questions. Therefore, a hearing may be appropriate so the Commission may hear directly from the concerned and affected customers.

WHEREFORE, the Applicant respectfully requests that the Commission take the following actions:

- A. Approve the Bulk Sewer Service Agreement;
- B. Authorize the Applicant to record its costs as utility plant in service additions, subject to review and audit by the Office of Regulatory Staff in the Company's next rate proceeding; and
- C. Provide such other and further relief as this Commission deems just and proper.

[Signature page follows]

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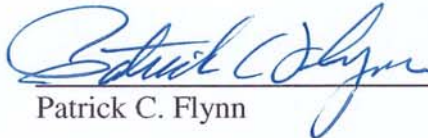
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Columbia, South Carolina
November __, 2012

VERIFICATION

I, **Patrick C. Flynn**, Regional Director of Carolina Water Service, Inc., do hereby verify that the statements made in the attached application are true, accurate, and correct to the best of my knowledge, information and belief.

Date: 11/2/2012



Patrick C. Flynn